

**MALACAÑANG
MANILA**

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 236

**PRESCRIBING RULES AND REGULATIONS ON THE COLLECTION, REMITTANCE
AND UTILIZATION OF SALES PROCEEDS UNDER REPUBLIC ACT NO.
7227 AS AMENDED BY REPUBLIC ACT NO. 7917**

1. PURPOSE

This Order is issued to prescribe the rules and regulations covering the collection, remittance and utilization of proceeds from the sale of government lands and other properties transferred to the Bases Conversion Development Authority pursuant to RA No. 7227 as amended by RA No. 7917.

2. COVERAGE

This Order covers the Bases Conversion Development Authority (BCDA) and all agencies, national, local or government corporation, designated as beneficiaries, implementors or conduits, hereafter referred to as agencies, of the proceeds of the sale of government lands and other properties in accordance with the provisions of RA No. 7227 as amended by RA No. 7917.

3. GENERAL GUIDELINES

3.1 Pursuant to the "one fund" concept in government budgeting and accounting, consistent with the provisions of Section 29 (1) of Article VI and Section 22 of Article VII of the Constitution, as implemented by Sections 44 and 45, Book VI of EO No. 292 and Sections 65 and 66 of the Government Auditing Code, all income, fees, charges, assessments, and other receipts or revenues collected by government offices and agencies shall be deposited in the National Treasury and shall accrue to the General Fund of the National Government.

3.2 Section 1 of RA 7917 provides that "The proceeds from any sale, after deducting all expenses related to the sale, of portions of Metro Manila military camps as authorized under this Act, shall be deemed appropriated for the purposes herein provided...". This means that the funds are automatically appropriated and their utilization shall be in accordance with the purposes enumerated therein, subject however, to budget programming based on the approved government fiscal program for the year.

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4. **SPECIFIC GUIDELINES**

- 4.1 The proceeds from the sale of government lands and other properties pursuant to Section 8 of RA 7227 as amended by RA 7917 are hereby declared government funds and shall be remitted to the National Treasury and shall accrue to the General Fund of the government.
 - 4.1.1 The treatment and deposit of interest earnings from the proceeds of sale of government lands and other properties transferred to BCDA pursuant to R.A. No. 7227, as amended by R.A. No. 7917, shall be determined by the Committee created under paragraph 4.2 hereof in consultation with the Bureau of the Treasury and the Commission on Audit.
- 4.2 BCDA shall remit to the National Treasury, the proceeds from the sale, net of the expenses directly incurred in the sale of the land or property, within two weeks after receipt of actual payment from the buyer. The direct expenses incurred shall pertain to those expenses that are directly attributable to the sale of the land or property such as the appraisal/valuation of the properties, marketing expenses and relocation/replication costs or those which would not have been incurred by BCDA and AFP if the decision to sell were not made, with the latter to be determined jointly by a Committee herein created composed of representatives from the Bases Conversion Development Authority (BCDA), Department of National Defense (DND) and Department of Finance (DOF).
- 4.3 In accordance with Section 1 of RA 7917, 2.5% of the sales proceeds of Fort Bonifacio, net of the direct expenses defined in the preceding section, shall be deducted to cover the share to be divided equally among the City of Makati and the Municipalities of Taguig and Pateros. The Bureau of the Treasury shall establish a separate Special Account for the Department of Budget and Management which shall act as conduit and administrator of the fund intended for the City of Makati and the Municipalities of Taguig and Pateros.
- 4.4 The purposes enumerated in RA 7917 shall be interpreted as follows:
 - 4.4.1 The Modernization Program referred to under Section 1 (1) shall include not only the modernization program of the Armed Forces of the Philippines but also the modernization program of the Government Arsenal as determined by the Secretary of National Defense;
 - 4.4.2 Section 1 (3) shall mean the National Shelter Program as implemented by the National Housing Authority, National Home

Mortgage Finance Corporation and Home Insurance Guaranty Corporation as endorsed by the Housing and Urban Development Coordinating Council;

- 4.4.3 Section 1 (5) shall mean critical infrastructure projects for areas surrounding the former bases as recommended by the BCDA and forwarded to the Department of Public Works and Highways (DPWH) and Department of Transportation and Communications (DOTC) for implementation;
 - 4.4.4 Section 1 (9) shall mean the multi-year program of the prosecution service being implemented by the Office of the Secretary of the Department of Justice (DOJ) and the Ombudsman;
 - 4.4.5 Section 1 (10) shall mean the improvement of prison facilities undertaken by the Bureau of Jail Management and Penology and the Bureau of Corrections;
 - 4.4.6 Section 1 (11) shall mean the judicial reform programs of the Judiciary;
 - 4.4.7 Section 1 (12) shall mean the pre-school program of the Department of Education, Culture and Sports (DECS) and day care centers as determined by the Department of Social Welfare and Development (DSWD);
 - 4.4.8 Section 1 (14) shall mean the construction of Senior Citizens Centers as determined by the DSWD; and
 - 4.4.9 Section 1 (15) shall mean programs and projects to meet emergency and contingent needs of the areas devastated by the Mount Pinatubo eruptions as determined by the Mt. Pinatubo Commission for implementation by the appropriate agencies.
- 4.5 The Bureau of the Treasury shall record the net proceeds, i.e., after deducting the expenses and shares stipulated in Section 4.2 and Section 4.3, respectively, separately as a Special Account in the General Fund. For this purpose, a separate Special Account shall be established for each of the individual agencies, as follows:
- 4.5.1 35% for the account of the Armed Forces of the Philippines and the Government Arsenal;
 - 4.5.2 27.5% for the account of the Bases Conversion Development Authority;

- 4.5.3 12% for the account of the National Housing Authority, National Home Mortgage Finance Corporation and Home Insurance and Guaranty Corporation;
- 4.5.4 3% for the account of the Philippine Health Insurance Corporation;
- 4.5.5 5% for the account of the Department of Public Works and Highways and Department of Transportation and Communications;
- 4.5.6 2% for the account of the Philippine Veterans Affairs Office;
- 4.5.7 1 % for the account of the Commission on Higher Education;
- 4.5.8 2% for the account of the Department of Science and Technology;
- 4.5.9 1 % for the account of the Office of the Secretary, Department of Justice and the Ombudsman;
- 4.5.10 2%, but not to exceed two billion pesos, for the account of the National Bureau of Investigation, Bureau of Corrections, Philippine National Police, and the Bureau of Jail Management and Penology;
- 4.5.11 1 %, but not to exceed one billion pesos, for the account of the Supreme Court of the Philippines and the Lower Courts, Sandiganbayan, Court of Appeals and Court of Tax Appeals;
- 4.5.12 2% for the account of the Department of Education, Culture and Sports and Department of Social Welfare and Development;
- 4.5.13 1/2%, but not to exceed five hundred million pesos, for the account of the Department of Labor and Employment;
- 4.5.14 1 % for the account of the Department of Social Welfare and Development;
- 4.5.15 3% for the account of the Mount Pinatubo Assistance, Rehabilitation and Development Fund; and
- 4.5.16 2% for the account of the Philippine Economic Zone Authority.

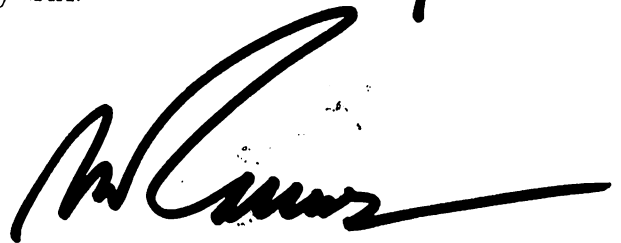
- 4.6 The individual Special Accounts shall be utilized exclusively for the purposes for which they have been established as prescribed under Section 8 of RA 7227 as amended by RA 7917. The DBM shall program the annual utilization of the proceeds of sales consistent with the approved fiscal program of the government and shall release the share of each of the beneficiary agencies in accordance with specific budget execution guidelines.
- 4.6.1 In the case of the Special Accounts created for two or more Departments or agencies but no specific allocation for each of the agencies is provided under RA 7917, as mentioned in Section 4.5, utilization of the same shall be contained in a Memorandum of Agreement between the departments and agencies concerned.
- 4.6.2 The utilization of the Special Account created for the Mount Pinatubo Assistance, Rehabilitation and Development Fund referred to in paragraph 4.5.15 shall be subject to the approval of the Mt. Pinatubo Commission, however, the funds for the projects may be released directly to the implementing agencies.
- 4.6.3 In the case of the sale of a portion of Fort Bonifacio, BCDA may be reimbursed an amount to defray its obligation incurred prior to the enactment of RA 7917, for housing construction to relocate the squatters which shall be charged against the 12% share of the National Shelter Program but shall in no case exceed 50% of the said share.
- 4.6.4 In cases where there have been releases made from the proceeds of the sale of Fort Bonifacio to departments by way of Presidential Directive prior to the issuance of this IRR, such released amount shall be considered/treated as advance releases. Such amount shall be reimbursed from whatever share the said department may have from their respective allocation out of such proceeds.
- 4.7 The Special Accounts herein established shall be considered as sources of funding for the purposes enumerated in RA 7917 and not as additional appropriations to other appropriation sources intended for purposes similar to those enumerated in the same Act. However, for CY 1995, in cases where an appropriation for the purposes enumerated in RA 7917 has been provided under the General Appropriations Act, said appropriation shall first be obligated prior to the release of funds against the special account except if the appropriation in the GAA refers to a regular program of the department/agency.

- 4.8 All expenditures chargeable against the individual Special Accounts shall be included in the program of expenditures of the national government and the local government units concerned. However, the appropriations will not be reflected in the General Appropriations Act. For this purpose, all agencies shall prepare and submit to the Department of Budget and Management, a request and such other documents as may be required detailing the items of expenditures. This request shall include both the quarterly obligation and cash program requirements of the beneficiary agency.
- 4.9 Beginning 1996, all expenditures shall be included in the over-all expenditure program of the agency concerned following the regular budgetary process. Proposed programs and projects to be funded under RA 7917 shall be evaluated against the overall requirements of the agency.
- 4.10 All agencies shall submit periodic reports to the Office of the President, copy furnished the Department of Budget and Management and the Department of Finance on the status of funds utilization in accordance with the provisions of DBM Circular Letter No. 92-6 dated June 27, 1992.

5. **EFFECTIVITY**

This Order shall take effect fifteen (15) days following publication in two (2) newspapers of general circulation.

DONE in the City of Manila, this *8th* day of *January* in the year of Our Lord, Nineteen Hundred and Ninety-Six.



By the President:



RUBEN D. TORRES
Executive Secretary